GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA

UNSTARRED QUESTION NO:3545
ANSWERED ON:23.03.2017
Scrapping of Flights
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Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Ministry proposes scrapping of flights on some routes in the country and if so, the details thereof and the reasons therefor;

(b) whether there has been hike in the prices of air travel in the recent past and if so, the details thereof and the reasons therefor; and

(c) the innovative ways adopted by the Government to capture the lost revenue due to mushrooming of private airlines which took away the profits of national carrier during the last ten years?

Answer

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Sinha)

(a): With repeal of Air Corporation Act in March 1994, the Indian domestic aviation was deregulated. Airlines are free to induct capacity with any aircraft type, free to select whatever markets and network they wish to service and operate. However, Government has laid down Route Dispersal Guidelines with a view to achieve better regulation of air transport services taking into account the need for air transport service of different regions of the country. It is up to the airlines to provide air services to specific places depending upon the traffic demand and commercial viability. As such, the airlines are free to operate anywhere in the country subject to compliance of Route Dispersal Guidelines issued by Government.;

(b): With the repeal of Air Corporation Act in March, 1994, the provision of air fare approval was dispensed with by the Government. Under the provision of Sub Rule (1) of Rule 135, Aircraft Rules 1937, every air transport undertaking engaged in scheduled air services are required to establish tariff having regard to all relevant factors, including the cost of operation, characteristics of services, reasonable profit and the generally prevailing tariff. Air fare pricing forms the strategic framework of airlines to respond to the demand/ supply and market dynamics through Inventory Management Process. The domestic airline pricing runs in multiple levels [bucket or RBD (Reservation Booking Designator)] which are in line with the practices followed globally. The change in air fares is dynamic. Fares increase with increase in demand for seats on any given flight and as a flight''s available seat inventory diminishes, lower bucket fares may no longer be available. The fares established by airlines under the provision of Sub Rule (I) of Rule 135 of the Aircraft Rules, 1937 are required to be displayed by the airlines on their websites in compliance of Sub Rule 02 of Rule 135, Aircraft Rule, 1937. Airlines remain compliant to the regulations as long as the fare charged by them does not exceeds the fare structure displayed on their website.

(c): The Cabinet Committee of Economic Affairs (CCEA) in its meeting held on 12.04.2012, approved a Turnaround Plan (TAP)/ Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India (AI) subject to achievement of certain laid down milestones by AI. As part of the TAP/FRP, AI has initiated, inter-alia, the following steps in order to cut costs:-

(i) Rationalization of certain loss making routes.

(ii) Induction of brand new aircraft on several domestic & international routes to increase passenger appeal.

(iii) Phasing out & grounding of old fleet.

(iv) Establishment of Integrated Operations Control Center (IOCC) and Hub Control Center (HCC) in Delhi.

(v) Freezing of employment in non-operational areas.

(vi) Operationalization of Subsidiary Companies such as Air India Air Transport Services Limited (AIATSL) and Air India Engineering Services Limited (AIESL) and transfer of manpower and equipment and treating them as Independent Profit Centers and,

(vii) Induction of the B787 aircraft on Medium Capacity Long Haul Routes.